

TORO CO
Form 10-Q
September 05, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended August 1, 2008

THE TORO COMPANY
(Exact name of registrant as specified in its charter)

Delaware
(State of Incorporation)

1-8649
(Commission File Number)

41-0580470
(I.R.S. Employer Identification
Number)

8111 Lyndale Avenue South
Bloomington, Minnesota 55420
Telephone number: (952) 888-8801

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting
company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares of Common Stock outstanding as of August 29, 2008 was 35,515,141.

THE TORO COMPANY
INDEX TO FORM 10-Q

	Page Number
PART I. FINANCIAL INFORMATION:	
<u>Item 1. Financial Statements</u>	
<u>Condensed Consolidated Statements of Earnings (Unaudited) – Three and Nine Months Ended August 1, 2008 and August 3, 2007</u>	3
<u>Condensed Consolidated Balance Sheets (Unaudited) – August 1, 2008, August 3, 2007, and October 31, 2007</u>	4
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) - Nine Months Ended August 1, 2008 and August 3, 2007</u>	5
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	6-12
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	13-22
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	22-23
<u>Item 4. Controls and Procedures</u>	23-24
PART II. OTHER INFORMATION:	
<u>Item 1. Legal Proceedings</u>	24-25
<u>Item 1A. Risk Factors</u>	25
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	25
<u>Item 5. Other Information</u>	25-26
<u>Item 6. Exhibits</u>	27
<u>Signatures</u>	28

PART I. FINANCIAL INFORMATION
Item 1. FINANCIAL STATEMENTS
THE TORO COMPANY AND SUBSIDIARIES
Condensed Consolidated Statements of Earnings (Unaudited)
(Dollars and shares in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	August 1, 2008	August 3, 2007	August 1, 2008	August 3, 2007
Net sales	\$ 492,635	\$ 478,707	\$ 1,536,944	\$ 1,544,448
Cost of sales	318,695	301,264	986,101	982,224
Gross profit	173,940	177,443	550,843	562,224
Selling, general, and administrative expense	110,874	110,598	352,934	348,722
Earnings from operations	63,066	66,845	197,909	213,502
Interest expense	(4,645)	(4,959)	(14,947)	(15,235)
Other (expense) income, net	(368)	1,954	532	5,821
Earnings before income taxes	58,053	63,840	183,494	204,088
Provision for income taxes	19,826	21,354	63,856	68,186
Net earnings	\$ 38,227	\$ 42,486	\$ 119,638	\$ 135,902
Basic net earnings per share of common stock	\$ 1.01	\$ 1.05	\$ 3.13	\$ 3.32
Diluted net earnings per share of common stock	\$ 0.99	\$ 1.02	\$ 3.06	\$ 3.23
Weighted-average number of shares of common stock outstanding – Basic	37,901	40,569	38,177	40,938
Weighted-average number of shares of common stock outstanding – Diluted	38,708	41,803	39,039	42,113

See accompanying notes to condensed consolidated financial statements.

THE TORO COMPANY AND SUBSIDIARIES
 Condensed Consolidated Balance Sheets (Unaudited)
 (Dollars in thousands, except per share data)

	August 1, 2008	August 3, 2007	October 31, 2007
ASSETS			
Cash and cash equivalents	\$ 55,013	\$ 94,192	\$ 62,047
Receivables, net	364,988	379,788	283,115
Inventories, net	211,760	243,437	251,275
Prepaid expenses and other current assets	14,811	13,018	10,677
Deferred income taxes	56,147	58,499	57,814
Total current assets	702,719	788,934	664,928